

Message Text

CONFIDENTIAL

PAGE 01 STATE 191838

42

ORIGIN NEA-16

INFO OCT-01 PM-07 MC-02 EB-11 IGA-02 CIAE-00 INR-10

NSAE-00 RSC-01 L-03 OMB-01 TRSE-00 COME-00 (ISO)R

DRAFTED BY NEA/ARP:GQLUMSDEN:DOD/DSAA:JHOENIG:CEJ

APPROVED BY NEA/ARP:FMDICKMAN

PM/SAS:DFARNHAM

DOD/DSAA:RVIOLETTE

----- 066559

R 032255Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT

INFO USCINCEUR

CNO

CSAF

DA

CDR MICOM REDSTONE ARSENAL HUNTSVILLE ALA

C O N F I D E N T I A L STATE 091838

E.O. 11652: GDS

TAGS: MASS, KU

SUBJECT:NEGOTIATIONS WITH GOK RE I HAWK AND TPS-32 RADAR

REFS: (A) KUWAIT 1619 (B) KUWAIT 1642 (C) KUWAIT 1696

1. AGREE FULLY THAT THERE NO POINT TRYING INDUCE GOK SIGN LETTERS OF OFFER ON LARGER SYSTEM, PARTICULARLY SINCE UNDER CURRENT LEGISLATION OF FOREIGN MILITARY SALES ACT, AS AMENDED, WE CANNOT OFFER FIXED PRICE L/O TO ANY FOREIGN COUNTRY OR INTERNATIONAL ORGANIZATION. WE ARE PUZZLED AS TO WHY GOK HAS ALREADY SIGNED NUMBER OF L/O'S ON BASIS OF ESTIMATED PRICING AND NOW STRONGLY OBJECTS. WE CAN ONLY ASSUME THERE MUST BE TOP DOLLAR LIMIT WHICH MINDEF SAAD CAN SIGN WITHOUT REFERRING CONTRACT TO FINANCE MINISTRY.

2. WITH REGARD YOUR QUERY PARA 4, REF C, WE HAVE NO RPT NO OBJECTIONS TO GOK NEGOTIATING DIRECTLY WITH RAYTHEON AND ITT GILFILLAN AND WOULD ENCOURAGE ATTENDANCE USLOK OFFICERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 191838

AT THESE NEGOTIATIONS SINCE USG WILL BE INVOLVED IN SUPPLY

OF CERTAIN GFE COMPONENTS AND GOVERNMENT TEST FACILITIES.
LATTER APPLIES PRIMARILY TO I-HAWK SYSTEM.

3. ITT GILFILLAN HAS ALREADY DISPATCHED BILL PALMER TO KUWAIT, AND WE ARE TOLD HE INTENDS REVIEW FIRM'S PROPOSAL WITH USLOK UPON ARRIVAL. FROM ALL INDICATIONS, P AND A IN ITT PROPOSAL TRACKS WITH OUR ORIGINAL L/O.

4. RAYTHEON HAS SENT FOLLOWING LETTER CONCERNING DIRECT PROPOSAL TO DOD, DATED 1 MAY.

BEGIN QTE: MR. JOSEPH K. HOENIG, OSD/DSAA
ASSISTANT DIRECTOR, DIRECTORATE FOR SALES NEGOTIATIONS,
PENTAGON ROOM 4B672 WASH DC 20301 - DEAR MR. HOENIG:
IN REPLY TO THE REQUEST OF THE U.S. AMBASSADOR TO KUWAIT, THE RAYTHEON COMPANY WILL BE PLEASED TO PROVIDE A QUOTATION TO THE GOVERNMENT OF KUWAIT FOR THE SALE OF A BATTALION OF IMPROVED HAWK AND THE EQUIPMENT AND SERVICES NORMALLY ASSOCIATED WITH THE USE OF THE IMPROVED HAWK SYSTEM. THIS QUOTATION WILL BE PROVIDED WITHIN SIXTY (60) TO NINETY (90) DAYS OF A LETTER OF REQUEST.

THE OFFER TO THE GOVERNMENT OF KUWAIT WILL BE A FIXED PRICE OFFER, HOWEVER, SINCE THIS IS A COMMERCIAL CONTRACT, THE FOLLOWING ITEMS SHOULD BE POINTED OUT.

(1) THE PRICE OF THE EQUIPMENT, PRESENTLY INCLUDED IN THE FMS OFFERS, WILL BE HIGHER BY APPROXIMATELY 15 PERCENT.

(2) DELIVERY OF THE FOUR (4) IMPROVED HAWK BATTERIES CAN BE MADE IN THE SAME TIME AFTER RECEIPT OF ORDER AS THAT SPECIFIED IN THE PRESENT FMS OFFER. TIME REQUIRED FOR QUOTATION AND NEGOTIATION WILL, OF COURSE, LENGTHEN THE ACTUAL DELIVERY.

(3) THE PAYMENT TERMS WILL BE 35 PERCENT DOWN WITH MONTHLY PAYMENTS TO BE AGREED UPON.

(4) THE WORDING OF THE PRESENT AGENT CLAUSE IS INTERPRETED TO INHIBIT COMMERCIAL BUSINESS IN KUWAIT AND WILL, THEREFORE, NEED MAJOR MODIFICATION.

RAYTHEON CANNOT MAKE A FIRM OFFER WITHOUT COOPERATION FROM
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 191838

THE US GOVERNMENT SIMILAR TO THAT PROVIDED IN SUPPORT OF OUR CONTRACTS IN SAUDI ARABIA. TO OBTAIN EQUIPMENT WHICH IS NORMALLY GOVERNMENT FURNISHED, RAYTHEON WILL PROBABLY ACT AS AN AGENT FOR THE GOVERNMENT OF KUWAIT. ADDITIONAL SUPPORT, AS DISCUSSED IN OUR RECENT VISIT TO KUWAIT, IN THE AREA OF A COOPERATIVE TRAINING VENTURE AND THE USE OF A FIRING RANGE IS ALSO NEEDED.

IF THE ABOVE IS ACCEPTABLE TO BOTH THE US GOVERNMENT AND THE GOVERNMENT OF KUWAIT, RAYTHEON COMPANY IS PREPARED TO VISIT WITH OFFICIALS OF THE GOVERNMENT OF KUWAIT TO ASSURE THAT THE QUOTATION PROVIDED WILL BE SUFFICIENT TO ENTER MEANINGFUL NEGOTIATIONS. SIGNED: VERY TRULY YOURS, RAYTHEON COMPANY, J.D. MCCARTHY, OVERSEAS PROGRAMS. END QTE.

5. YOU ARE AUTHORIZED TO EXTRACT PERTINENT POINTS OR TO QUOTE ENTIRE LETTER TO GOK. COPY BEING POUCHED EMBASSY KUWAIT.

6. RE HAWK: YOU SHOULD STRESS TO GOK OFFICIALS THAT BALL NOW IN THEIR COURT. RAYTHEON AWAITS THEIR REQUEST FOR QUOTATION. RUSH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY SALES, NEGOTIATIONS, MILITARY PLANS, BUSINESS FIRMS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE191838
Document Source: CORE
Document Unique ID: 00
Drafter: GQLUMSDEN:DOD/DSAA:JHOENIG:CEJ
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740134-0184
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740574/aaaacosy.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) KUWAIT 1619 (B) KUWAIT 1642 (C), KUWAIT 1696
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by boyleja>; APPROVED <13 JAN 2003 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EGOTIATIONS WITH GOK RE I HAWK AND TPS-32 RADAR
TAGS: MASS, KU, US
To: KUWAIT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005